



**BRIEFING: OCTOBER 11, 2016 BOARD MEETING AGENDA ITEM #9**

**TO:** Chairman Richard and Board Members

**FROM:** Alice Rodriguez, Small Business Advocate

**DATE:** October 11, 2016

**RE:** Small Business Program Update

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**Background**

The California High-Speed Rail Authority (Authority) is committed to making active participation of small businesses a top priority in all contracting phases of the high-speed rail program. As such, it is the mission of the Authority's Small Business Program to ensure Small Business Enterprises (SBE), Disadvantaged Business Enterprises (DBE) and Disabled Veteran Business Enterprises (DVBE) owned businesses have an equitable opportunity to compete for and benefit from public works projects.

There are a number of established statewide goals for small business participation in government contracts. For example, California Executive Orders D-37-01 (Davis) and S-02-06 (Schwarzenegger) establish a goal of 25 percent participation by SBEs on contracts issued by California state agencies and the California Disabled Veteran Business Enterprise Program (Military and Veteran Code section 999 et seq) establishes a 3 percent participation goal for DVBEs on state contracts. In addition to these California-specific goals, the US Department of Transportation (DOT) has established a 10 percent participation goal for DBEs on public works projects receiving financing from DOT.

After consideration of these and other state and federal statutes and regulations impacting small business participation, this Board previously approved the Small and Disadvantaged Business Enterprise Program (Program) setting a combined, overall participation goal of 30 percent for all small business concerns inclusive of SBEs, DBEs, and DVBEs. The Program is consistent with state and federal law and with directives from the Civil Rights office of the Federal Railroad Administration (FRA). By taking these measures, the Authority has ensured that small businesses, inclusive of disadvantaged business enterprises and disabled veteran business enterprises, are afforded every practicable opportunity to participate in the Authority's contracting and procurement program.

## **Discussion**

### *Outreach and Fostering Small Business*

Executive Order S-02-06 directs all state agencies to identify a Small Business Advocate who is charged with developing and sharing innovative procurement and contracting processes to increase opportunities for Small Business. Under management of the Chief of Communications, Alice Rodriguez serves as the Small Business Advocate and manages the Small Business Program. In addition to the Small Business Advocate, the Small Business Program Team consists of an Information Officer, a Small Business and Title VI Programs Manager, and a Small Business and Title VI Associate.

In order to achieve and maintain the Small Business Program goals, the Authority must actively engage with California's small business community. Previously, the Small Business Advocate and Small Business Team joined forces with the California Department of General Services (DGS) to help achieve these goals by offering on-the-spot SBE certifications. During these workshops, participants were able to get educated and connected to responsible parties obtaining other certifications such as DVBE and DBE. From January 2015 through January 2016, the time period of these certification workshops, 376 small business participants attended of which 90 firms received their SBE certification. Unfortunately, in late January 2016 DGS implemented their new certification system, Cal eProcure, which no longer supported the Authority's on-the-spot certifications.

Attending and speaking at statewide conferences, workshops, and expos is another vital outreach mechanism. Over the last three years, the Small Business Program Team has averaged over 70 events per year. These events focused on small, disadvantaged and veteran-owned businesses have resulted in thousands of direct touchpoints with the small business community. As the high-speed rail program continues to grow, so does the need for additional small businesses. As a result, the number of outreach events and direct touchpoints will increase in a manner that promotes the small business community's participation.

Additionally, the Authority issues a quarterly Small Business Newsletter, which documents the progress of the program and the contributions of small businesses in building the nation's first high-speed rail system. This award-winning publication is a valuable outreach tool which includes the faces of high-speed rail profiles, highlights the work of esteemed partners, and most importantly, outlines how small businesses can connect with the Authority to pursue contracting opportunities. The September 2016 edition of the Small Business Newsletter is attached to this memorandum.

### *Current Small Business Participation*

Since the adoption of the Small and Disadvantaged Business Program, the Authority has executed contracts with a combined value in excess of \$3.6 billion. Major contracts include the Program Management contract, three Design-Build contracts, three Project and Construction Management contracts, and contracts to obtain environmental clearance in each of the remaining Phase 1 sections. As a condition of award of each of these major contracts, the prime consultant or contractor is required to execute the Authority's overall Small Business Program Goal

Commitment Affidavit, attesting to the contractor’s commitment to achieve 30 percent small business utilization.

As of the end of June 2016, more than \$196 million has been paid to SBEs, DBEs, and DVBEs on the California High-Speed Rail program since the Authority’s Small and Disadvantaged Business Program was instituted.

The Authority’s current Design-Build contractors are working to attain the Authority’s 30 percent small business goal. As of May 2016, there are a number of SB/DBE/DVBE contractors enrolled on each construction package.

**Current SBEs on Design-Build Contracts**

<b>Construction Package (CP)*</b>	<b>Expended % of Contract</b>	<b>Total SBE/MB</b>	<b>Total DBE</b>	<b>Total DVBE</b>	<b>Cumulative Total</b>
CP 1	20.05	41	24	8	73
CP 2-3	14.19	21	12	3	36

\* Construction Package 4 has only been under contract for a few months and has no specific utilization numbers to report at this time.

*Small Business Workshops*

As mentioned previously, the Department of General Services implemented their new system, Cal eProcure, in early 2016 which no longer supports the Authority’s on-the-spot certification workshop. However, the Small Business Team has redesigned the Small Business Workshop Program to unite Authority design-build partners, resource partners, local transportation agencies and interested small businesses. The workshop is intended to engage new small and disadvantaged firms and inform them of contracting opportunities with the Authority. Small businesses will have the chance to learn about the DGS Small Business certification process and small business opportunities with local transportation projects to essentially become “High-Speed Rail Ready.” This past August, the team successfully launched the new Small Business Workshop in Menlo Park with over 50 attendees and more than ten resource partners. The team is excited to schedule future workshops throughout California that will mirror the success of the August event.

*Pre-Bids/Industry Forums*

The Small Business Program Team understands the importance for small businesses to network and connect with each other and prime contractors. In addition to our workshop events, the Authority hosts pre-bid conferences and industry forums. These public events are meant to highlight the proposed work outlined in a specific Request for Proposal or Request for Qualification. The Small Business Advocate’s role at these events is to educate potential prime contractors on the Authority’s Small Business Program and goals. For small businesses, these events are meant to provide an opportunity to meet and greet with potential primes and/or additional small businesses who are interested in subcontract opportunities.

### *Business Advisory Council*

To aid in removing barriers and assisting the small business community, the Small Business Team will continue to work with members of the Business Advisory Council (BAC), created by the Board in April 2012. The BAC serves as a forum to provide essential input and advice to the Authority in implementing practices that effect and/or impact the small business community. Representation is comprised of statewide construction and professional service business trade associations.

The BAC welcomes public participation at its bi-monthly meetings and is a valuable resource in cultivating a strong partnership and expanding the network of Small and Disadvantaged Businesses. In addition to convening full council meetings, the BAC also consists of two committees, one focused on Construction and the other on Professional Services. The committees deliberate and report out to the full council on issues related to their focus area. We continue to gain insight into the small business community through the effort of the BAC committees and its members.

Currently, the Authority is considering modifying the BAC Operating Guidelines to increase additional member participation. Such concerns include simplifying administrative policies and procedures. We will work with the Committee Chairs to drive results that will benefit both committees. Our goal is to resolve these concerns by the end of 2016 and implement changes in 2017.

### *New Partnerships*

The Small Business Program Team will continue to develop strategic partnerships with local and statewide associates that will focus on getting additional aide and supportive resources to Small Businesses. This past June, the Authority joined the Business Outreach Committee (BOC), comprised of local transportation agencies within the Bay Area. Members of the BOC include: Bay Area Rapid Transit, SamTrans/Caltrain, Alameda County Transit and Santa Clara Valley Transportation Authority, along with many other agencies. The goal of the BOC is to assist small and disadvantaged local firms in doing business with Bay Area and local transportation agencies. Being part of the BOC allows the Small Business Team to network and expand their targeted audience and the team looks forward to growing and developing their relationship with the BOC and its respective members.

### *Current Reporting Metrics*

The Authority recently produced a Consolidated Annual Report (CAR), for the Department of General Services that addresses contracts funded solely by state dollars and awarded by the Authority during fiscal year 2015 – 2016. Based on the Authority’s recent CAR, the following information relates to the Authority’s small business participation (rounded to the nearest dollar):

#### **Consolidated Annual Report Metrics**

<b>Fiscal Year</b>	<b>Total Contract \$</b>	<b>SB/MB \$</b>	<b>SB/MB %</b>	<b>DVBE \$</b>	<b>DVBE %</b>
2015-16	\$55,346,986	\$16,740,390	30.25%	\$5,399,665	9.76%

The CAR reflected commitment levels over 30 percent to SBEs and over 9 percent to DVBEs, with contract values of \$16,740,390 and \$5,399,665 respectively. The Authority is pleased to report that our state funded contracts have exceeded our small business goals. Most of the contracts produced by the Authority are federally funded and therefore subject to mandatory federal policies and procedures, which do not lend themselves to the Department of General Services CAR reporting guidelines. The full report is attached to this memorandum.

Furthermore, as required by the Federal Railroad Administration, the Authority submitted its most recent semi-annual Uniform Report of DBE Awards or Commitments for the period of October 2015 to March 2016. The document reports federal funding expended on DBEs and further detailed by race, ethnicity and gender. Our report shows a commitment of \$154,697,686 to SBEs, DBEs and DVBEs during this period representing 30.30 percent of the awarded contract value. The complete report is attached this memorandum.

**DBE Awards or Commitments Metrics**

<b>Reporting Period</b>	<b>Total SBE/DBE/DVBE Dollar Commitment</b>	<b>Percentage to SBE/DBE/DVBE</b>
October '15 - March '16	\$154,697,686	30.30 %

*Future Plans*

Future plans for the Small Business Program include an increase in outreach staff. Additional staff will give the Authority the opportunity to ensure that more California Small Businesses are “High-Speed Rail ready.” This means they will learn how to get certified to work on public works projects and how they connect directly with High-Speed Rail and its prime contractors.

Most recently, the Small Business Program Team has been busy developing the Authority’s Vendor Registry. The Federal Railroad Administration mandated the Authority establish and maintain a Vendor Registry. Our Registry will be designed in part to assist in facilitating the Authority’s aggressive 30 percent small business goal by allowing businesses interested in subcontracting opportunities with our design-build and other prime contractors to enter their business information through a quick and easy registration process. The registry will also provide the Authority’s potential and current prime contractors the capability of searching for businesses interested in working on the program. Registration will be open to all prospective and current bidders, both large and small. We plan to release the Vendor Registry publically on our website by the end of the year and believe it will be a vital networking tool for current and potential primes, as well as Small and Disadvantaged firms.

The Small Business Program Team is also working to refine the Small and Disadvantaged Business Enterprise Program Plan. Currently there are four separate documents (Small and Disadvantaged Business Enterprise Policy, Small and Disadvantaged Business Enterprise Program, Revised Small and Disadvantaged Business Enterprise Program for Professional Contract Services, and Management Memo: Revisions to Small and Disadvantaged Business Enterprise Program Plan) that outline the Authority’s Small Business Program. By consolidating and clarifying all elements of the program we will have one document that will serve as a single

authority and reference for the Small Business Program. The team is expecting to have the new Plan completed by year's end.

### **Conclusion**

The Authority is committed to California's small business community and is continually seeking new approaches to improve its policies and procedures to eliminate barriers and increase small business utilization. The Small Business Advocate, along with the Small Business Program Team will continue to identify and implement innovative acquisition strategies, and participate in statewide outreach activities geared to small businesses. Additionally, we will partake in Small Business Workshops and present at Authority hosted events such as community outreach meetings, pre-bids and public gatherings which permit small businesses and prime contractors to network and exchange details concerning any upcoming contract opportunities.

### **Recommendations**

This is an informational item only; staff is not recommending any Board action.

### **Attachments**

- Small Business Policy Directive (POLI-SB-01)
- Small Business Outreach Summary – July 2016
- Small Business Outreach Summary – August 2016
- Small Business Newsletter – September 2016
- 2015-2016 Consolidated Annual Report (CAR)
- June 2016 Uniform Report of DBE Awards or Commitments
- June 2016 Small Business Utilization Report Summary